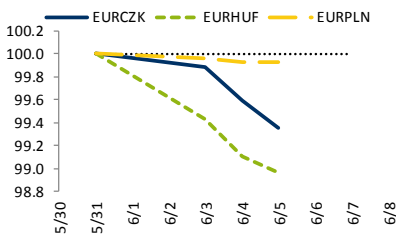




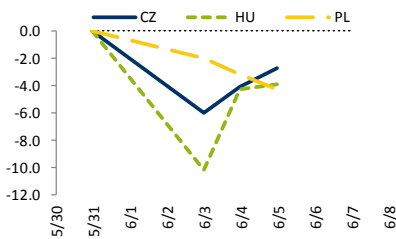
Wednesday, 05 June 2019

Forex markets (index)



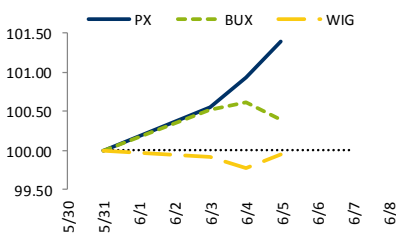
| | LAST | PREVIOUS | CHANGE (%) |
|--------|-------|----------|------------|
| EURCZK | 25.67 | 25.73 | -0.24 |
| EURHUF | 321.5 | 322.0 | -0.14 |
| EURPLN | 4.279 | 4.280 | -0.01 |

Gov. bonds 10 Y (bps change)



| | LAST | PREVIOUS | CHANGE (bps) |
|----------|-------|----------|--------------|
| CZGB 10Y | 1.632 | 1.618 | 1.4 |
| HUGB 10Y | 2.89 | 2.89 | 0.1 |
| PLGB 10Y | 2.59 | 2.61 | -0.4 |

Equity indices (index)



| | LAST | PREVIOUS | CHANGE (%) |
|-----|--------|----------|------------|
| PX | 1058.6 | 1053.8 | 0.45 |
| BUX | 41066 | 41157 | -0.22 |
| WIG | 57878 | 57782 | 0.17 |

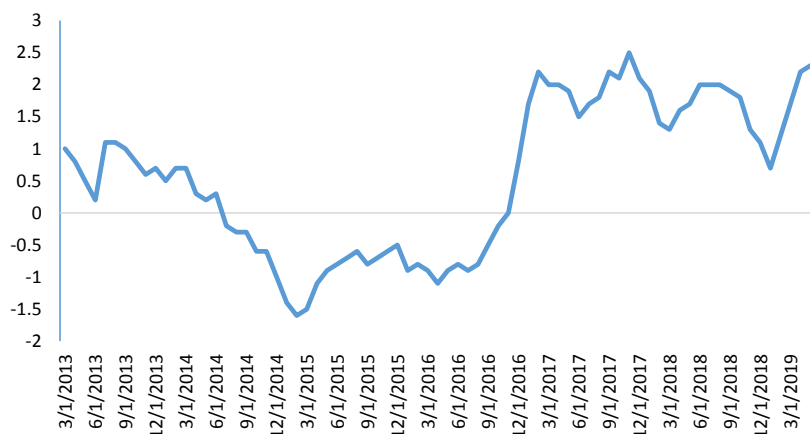
Our regional insights:

The Polish core inflation still hovers below the NBP target, so it will stay on hold

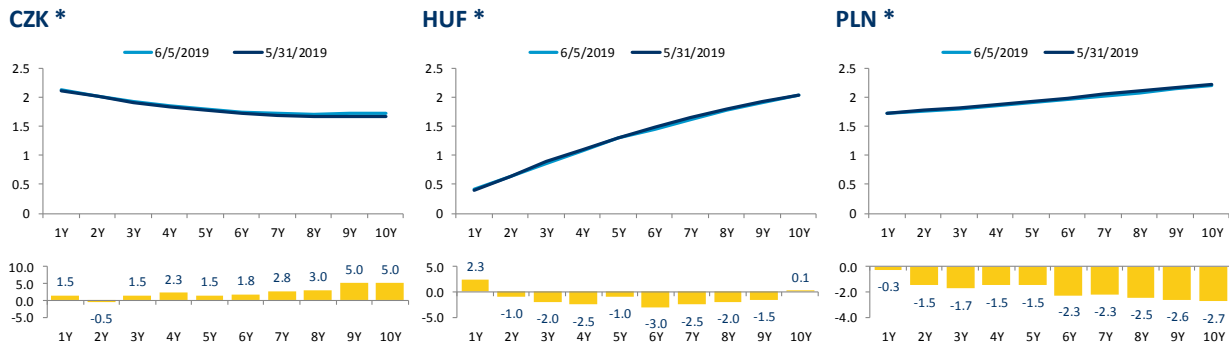
The Polish headline inflation stabilized in year-on-year terms in May as underlying inflation pressures remained muted last month. While the headline inflation ticked up to 2.3% yoy, the core inflation probably dipped to 1.6 yoy. Recall that the limited details of the May inflation flash estimated showed that the biggest contributor to headline inflation were food prices, which grew by 5% yoy and 1.4 mom respectively.

We believe the latest inflation will hardly influence today's NBP meeting. The inflation (and especially the core item) remains deeply below the NBP target (2.5%), which will allow the MPC to leave the Polish monetary policy on hold. Hence, the central bank post-meeting statement will just repeat that 'the current level of interest rates is conducive to keeping the Polish economy on a sustainable growth path and maintaining macroeconomic stability'. Moreover, NBP president Glapinski might articulate his previous unofficial forward guidance that the monetary policy will remain unchanged until the end of the mandate of the current MPC (effectively until early of 2022).

Poland: headline inflation (yoy change in %)



Interest-rate Swap Curves



* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points (against previous Friday).

Calendar

| Country | Date | Time | Indicator | Period | Forecast | | Actual | | Consensus | | Previous | |
|---------|------|------|-----------|--------|----------|-----|--------|-----|-----------|-----|----------|-----|
| | | | | | m/m | y/y | m/m | y/y | m/m | y/y | m/m | y/y |

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